

**SIXTH ANNUAL REPORT TO THE
GENERAL ASSEMBLY
ON
VERMONT'S
WELFARE RESTRUCTURING PROJECT**

Submitted by

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On behalf of

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- For additional information about Vermont's Welfare Restructuring Project (WRP), see the Department of Social Welfare's website at: <http://www.dsw.state.vt.us>
- For additional information about the Office of Child Support (OCS), see the OCS website at: <http://www.ocs.state.vt.us>.

HIGHLIGHTS OF 1999

- The 17,000 Vermonters receiving welfare is a 25-year historic low; an even more dramatic milestone when looked at in the context of the increased population of Vermont over the same period.
- September 1999 WRP evaluation update report confirms that more ANFC parents are working to increase their family's financial resources and the work-trigger time limit is significant in generating employment gains.
- Federal agency extends WRP food stamp waivers through the end of WRP.
- ANFC families going to work are getting reliable cars through a new agreement with the Good News Garage. Families have expanded access to public transportation through the Job Access and Reverse Commute programs.
- Parents that cannot find jobs at the end of time limits may be placed in one of the new group Community Service Employment (CSE) worksites.
- Women are encouraged to participate in non-traditional occupational training through the Step Up and Gear Up programs and reap the rewards of higher incomes for their families. The Futures program with continued funding, helps many women plan for employment and make career decisions.
- Beginning in 2000, parents with health barriers will receive comprehensive assessment and support through a new collaborative agreement with DAD's Vocational Rehabilitation division. Others with employment barriers will have a greater array of services through combined Reach Up and federal Welfare-to-Work initiatives.
- Parents and children suffering from the effects of domestic violence participate in family development plan activities that acknowledge safety and confidentiality issues and help them move toward self-sufficiency. In some instances parents are temporarily exempt from work requirements.
- Children benefit from the developing seamless childcare system, higher reimbursement rates and eligibility levels, and direct payment to providers.
- The Clean Team program expanded at the Waterbury State Office Complex: ANFC parents are among the participants receiving training and work experience through the Waterbury Janitorial Training Project run by the Work Experience, Education, and Employment for Vermonters program (WEEEV).

- DSW's contribution of TANF funds to Central Vermont Community Action Program's Tangible Assets project resulted in participating ANFC parents' savings being matched two-to-one. This asset-building strategy helps people save to go to college, start a business, or buy a home.

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INTRODUCTION

Federal Welfare Reform

On August 22, 1996, President Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193, known as the federal welfare reform bill or PRWORA. In April 1999, two and one half years after the enactment of PRWORA, the federal government issued final regulations for Title I of PRWORA. Title I of PRWORA created the Temporary Assistance for Needy Families (TANF) program to replace the Aid to Families with Dependent Children (AFDC) and JOBS programs (which continue to be known as ANFC and Reach Up, respectively, in Vermont). In addition, TANF is funded through a block grant in contrast to the open-ended federal financial participation system of the past. TANF-funded assistance to families is limited to 60 months in a lifetime unless the family is exempt under the hardship exception that applies to up to 20 percent of the caseload. This provision does not preclude use of state funds to assist families that are not eligible for TANF assistance.

PRWORA gives states the opportunity to continue operation of welfare reform demonstration projects that were approved before TANF became law and to identify inconsistencies between the state program and TANF. Vermont is continuing the state's Welfare Restructuring Project (WRP) as described below, through its planned completion on June 30, 2001, while striving to maximize federal funding and begin planning to integrate WRP under the TANF umbrella.

Vermont will be subject to all federal TANF requirements when WRP ends. The department has begun this transition through review of the TANF regulations, a legislative briefing on Vermont's welfare laws and policies in September, and development of draft legislation refining WRP policies for proposal to the legislature in January 2000 and implementation on July 1, 2001.

A copy of the TANF state plan is available through the Department of Social Welfare (DSW) Internet website or upon request.

Child Support Legislation

As a result of federal welfare reform, the Vermont Legislature made sweeping changes to Vermont's Child Support laws. For more information, contact the Office of Child Support for a copy of the January 15, 2000, *Office of Child Support Report to the Legislature - Implementation of Act 63* report. The changes in Act 63, which seek to strengthen and expedite child support enforcement efforts, complement the welfare-to-work effort since reliable receipt of child support, in combination with earnings, can provide a level of family income that enables families to leave the welfare rolls.

The Office of Child Support (OCS) is currently working with many entities, including private businesses, other state agencies, and the courts, to implement this extensive legislation which includes: administrative processes related to liens, bank matches, attachment of accounts, wage withholding, and subpoenas, as well as genetic testing orders, matches with public utilities, changes

in automated systems, new hire reporting, suspension of recreational and professional licenses, work search activities for noncustodial parents, and implementation of the Uniform Interstate Family Support Act (UIFSA). As these processes are fully implemented, the increase in parentage establishment rates and collection rates for both public assistance and non-public assistance households will be a direct benefit to Vermont families.

OCS worked with the Agency of Human Services to obtain a federal grant that will assist noncustodial parents primarily in the areas of access and visitation. During 1999, the Access Visitation grant doubled from \$50,000 to \$100,000. The project involves assembling a coalition of centers that provide visitation services to families. A toll-free number has been established that provides information about services statewide. OCS is also involved in a grant to improve modification of child support orders and determination of the amount of child support to be paid.

Vermont's Welfare Restructuring Project (WRP)

Vermont was one of the first states to implement a time-limited welfare program. Vermont's Welfare Restructuring Project (WRP) began on July 1, 1994. As a means to achieving several important goals, in particular the markedly and measurably improved well-being of children and families, WRP seeks to:

- Make dependence on ANFC benefits transitional by applying time limits leading to work requirements to single-parent families, by strengthening the work requirement for breadwinners in two-parent families, by providing subsidized employment when unsubsidized options are not available, and by sanctioning noncomplying parents.
- Increase incentives to work by providing a higher "earnings disregard", eliminating the "100-hour rule", making transitional Medicaid coverage longer, excluding the value of one vehicle, and allowing welfare families to save earnings.
- Promote good parenting and positive role-modeling through requiring pregnant and parenting minors to live with parents or in an approved adult-supervised living arrangement, paying child support directly to the parent, increasing effectiveness of collection efforts, and providing cash bonuses for completion of parenting education programs or volunteer work that builds parenting skills.
- Form a partnership between ANFC parents and the state through case management support, job development opportunities, and education and training that support self-sufficiency.
- Serve families according to three sets of rules. Group 1, representing 20 percent of the caseload, qualifies for pre-reform benefits and services, which are not subject to time limits or the requirement to accept subsidized employment. Group 2, representing 20 percent of the caseload, is subject to all welfare reform work incentives and other enhancements, but not time limits or the requirement to accept subsidized employment. Group 3, representing 60 percent of the caseload, is subject to all provisions of welfare reform, including time limits and the

requirement to accept subsidized employment. Beginning July 1, 1997, Group 3 rules for determination of eligibility and amount of benefits apply to all applicant families that have not previously been assigned to a WRP group; families previously assigned retain the original group assignment.

State Legislation and Policy Making

Act 62, the FY2000 Appropriations Act, resulted in changes in the ANFC and General Assistance programs. Effective July 1, 1999, DSW implemented several policy changes to improve outcomes for families and/or position the department to meet federal work requirements when WRP ends.

The changes included:

- Increasing Group 3 unemployed parents' (two able-bodied parents in the family) Reach Up participation and WRP work requirements to 40 hours per week. Prior to end of time limits, a parent may meet these requirements through work, unpaid community work experience (CWE), job search, or a combination of these activities. After the expiration of time limits, the parent must meet an unsubsidized work requirement of 40 hours per week or accept a community service employment (CSE) placement. Participation in other work-related activities, job search, CWE, and paid work activities may be substituted for CSE participation on an hour-for-hour basis.
- Creating a new ANFC special needs allowance for families with rental costs in excess of the ANFC maximum housing allowances. The current maximum additional benefit is \$47 per month.
- Updating the basic needs and housing allowance standards for ANFC families. The typical family experienced an increase of \$5 in its monthly benefits as a result of these updates.
- Implementing an adoption assistance pilot project funded through general assistance for ANFC recipients younger than 21 who would otherwise become ineligible for ANFC because they choose to relinquish their children for adoption. This pilot provides a continuation of financial assistance and Reach Up services for up to a year to young parents who make the difficult choice to relinquish a child. This support helps them make the transition from ANFC to self-sufficiency. To date, three parents have taken advantage of this program with payments to them totaling \$3000.
- Modifying general assistance back rent/mortgage assistance policy to allow a notarized statement indicating the amount of rent owed as an alternative to a notice of rental termination. This change results in DSW helping families earlier with their housing crisis.
- Continuing the exemption that allows felons to receive benefits when eligible.

In addition, the budget act authorized state and federal funds in the ANFC appropriation as state match for the federal Job Access and Reverse Commute grant. The Agency of Transportation is designated as the lead agency to develop a job access and reverse commute program and an integrated public transit system.

In response to the US Supreme Court decision, *Saenz v. Roe*, the department rescinded the ANFC time-limit policy that modified the calculation of the cumulative period of ANFC receipt for applicants who had not resided in Vermont continuously during the 12 months immediately preceding application for ANFC benefits.

In April 1999, the department implemented ANFC rules related to the provisions of the Wellstone/Murray Family Violence Option (FVO) amendment to the federal welfare reform legislation. Families experiencing the effects of domestic violence may receive an initial exemption from the work requirement for up to six months. This exemption can then be renewed.

Federal Intervention

As noted earlier in this section HHS issued final regulations for TANF in April 1999.

As reported in last year's report, in April 1998, the Department of Agriculture (USDA) notified DSW that its welfare reform food stamp waivers would be terminated effective July 1, 1998, because they were no longer needed or did not meet cost neutrality requirements. These waiver policies allow exemption of the value of one vehicle, disregard of assets from earnings and \$50 of child support, and incentive payments. These waivers are a critical component of WRP, as a support to promote work and to bridge a family's transition from welfare to self-sufficiency. DSW asked for reconsideration of USDA's decision, and in September 1999, USDA notified DSW that "it is in the best interest of the federal government to extend the waivers because of their research value as part of the ongoing TANF evaluations being conducted by the US Department of Health and Human Services (HHS)."

On September 28, 1999, Governor Dean submitted certification to HHS concerning waiver inconsistencies between Vermont's ANFC program and federal TANF regulations. The state maintained that no Vermont case should be considered for calculating the work participation rate or determining compliance with the 60-month cap of TANF-funded assistance to families. On January 6, 2000, HHS notified the state that it concurs with Vermont's position. This removed the risk of financial penalties for Vermont in these areas through the end of WRP.

Evaluation of WRP

Manpower Demonstration Research Corporation (MDRC), a nonprofit charitable organization and a national expert in the welfare-to-work arena, is the contractor responsible for carrying out the independent evaluation of Vermont's WRP. See Section 10 for information about MDRC reports.

The Agency of Human Services' (AHS) annual report The Social Well-Being of Vermonters includes an evaluation of indicators that serve as an additional measure of WRP's impact on families. The Agency is committed to a number of clear and fundamental outcomes for children and families and has made great strides toward achieving the following outcomes:

- Children live in stable, supported families
- Families live in safe and supportive communities
- Infants and children thrive
- Children are ready for, and succeed in, school
- Youth choose healthy behaviors and successfully transition to adulthood

This Report

This report is submitted pursuant to Act 106 (1994, Adjourned Session 1993), Section 14, EVALUATION AND REPORTING, subsection (b). It focuses on the development, implementation, and effectiveness of the services required to support the welfare restructuring authorized by Act 106.

The first annual report, submitted January 31, 1995, included substantial detailed background information about the development of Vermont's Welfare Restructuring Project (WRP). This historical information is not repeated in subsequent reports. Copies of prior years' reports are available upon request or through DSW's website.

The sections below correspond to the numerical paragraphs under subsection (b) of Section 14 of Act 106.

SECTION 1 METHODS EMPLOYED TO INVOLVE PARTICIPATING FAMILIES, LOCAL ORGANIZATIONS AND OTHER GOVERNMENT AGENCIES IN RESTRUCTURING THE EFFECTIVENESS OF USING LOCAL ORGANIZATIONS TO DEVELOP SUBSIDIZED AND UNSUBSIDIZED JOB PLACEMENTS

Welfare Reform Advisory Group

The primary means of involving families, local organizations, and other government agencies in welfare reform activities continues to be the Welfare Reform Advisory Group (WRAG). The membership of this group is consistent with Act 106, Section 4, subsection (c), to "ensure that representatives of families receiving ANFC, representatives of community agencies, and representatives of department of social welfare staff play an active role in the planning, implementation and evaluation of welfare restructuring".

Welfare Reform Advisory Group Activities Summary:

The WRAG met five times in 1999. Major topics included:

- 1999 legislative changes and ANFC and General Assistance policy changes detailed in the Introduction section of this report. Implementation of ANFC domestic violence policy related to work requirements.
- Federal Welfare-to-Work (WtW) initiatives and the passage of the Workforce Investment Act (WIA).
- MDRC's Forty-Two-Month Impacts of Vermont's Welfare Restructuring Project report and welfare reform evaluation conference in Virginia.
- Post-WRP planning, including issuance of TANF final rules and DSW's contract with MAXIMUS, to identify and analyze alternatives to consider when redefining ANFC policies.
- Consumer outreach and public information through a contract with Burch & Co. to rename the department; create new mission, vision and values statements; and develop outreach material to market the department's programs and services.
- Vermont State Housing Authority (VSHA) Family Self-Sufficiency Project and designation of the WRAG as its advisory council.
- Guest attendees speaking about inequities in ANFC policies regarding post-secondary education and VSAC funding; unemployed parent rules; and general welfare reform discussion.
- Other initiatives in local organizations and government agencies (see additional information below).

Domestic Violence Implementation Team (ITeam)

As detailed in previous reports, DSW formed the Domestic Violence Advisory Group (DVAG) in March 1997, to make recommendations to DSW related to the provisions in the Wellstone/Murray Family Violence Option (FVO) amendment to the federal welfare reform legislation of 1996. The DVAG completed its work in March 1998.

The state's adoption of the FVO raises the sensitivity of staff to this important issue and enhances the environment to encourage families to seek safety and supportive services. Staff will work with parents to develop a family development plan that meets their special needs while addressing the violence in the home and moving the family toward self-sufficiency.

Domestic Violence Implementation Team Activities Summary:

The department formed an Implementation Team (ITeam) whose membership includes individuals from the DVAG, representatives from other community organizations including local domestic violence advocacy groups, and DSW staff. This group was charged with the task of operationalizing the DVAG's recommendations, state legislation, and policy into training, procedures, forms and other material for DSW staff and contracted Reach Up case managers.

By July 1999, the ITeam had completed its mission and submitted a summary report of its activities, accomplishments and recommendations to the department.

- More than 450 people attended one of the two-day training sessions led by Jeri Martinez of the Vermont Network Against Domestic Violence and Sexual Assault, and several commented that it was the most powerful training they had attended.
- Prior to the implementation of ANFC domestic violence policy in the spring, procedures and forms were developed and two train-the-trainer sessions were held.
- DSW district staff volunteered to serve as Domestic Violence specialists and received expanded training in May and specialized training in the fall.
- Local DSW DV teams continued to collaborate with local DV organizations.

Involvement of Local Organizations and Other Government Agencies in Restructuring

- **End-of-Time Limit (ETL) Activities**

DSW has been working aggressively with the Department of Employment and Training (DET) to place ANFC recipients in jobs, particularly those that reach their ANFC end-of-time limit. These efforts continue to be successful in that very few ANFC recipients at ETL need to be placed into subsidized Community Service Employment (CSE).

Those that cannot find private sector jobs can now take advantage of four new group CSE work sites around the state. The group CSE work sites are at Recycle North in Burlington, Addison County Community Action Group, Bennington-Rutland Opportunity Council, and the Brattleboro Retreat's Wheeler House. The group CSE sites offer a work placement for recipients after an unsuccessful ETL job search. These sites have the additional advantage of requiring no skills or prior work experience. DSW and DET plan to expand the number of group CSE work sites in the future.

- **Welfare-to-Work (WtW) Grants**

The Department of Labor funds three WtW programs around the state. The WtW programs are managed by DET, Central Vermont Community Action Council (CVCAC), and Northern Community Investment Corporation.

In 1999, an exciting new partnership developed between Reach Up and the three WtW programs. Welfare recipients may now co-enroll in Reach Up and WtW programs and benefit from a much larger array of program activities and support services. As a result of this new cooperative arrangement, Reach Up and WtW programs are able to do a better job helping harder-to-serve individuals find and keep employment.

In addition, Congress recently passed new WtW legislation that will substantially increase the number of ANFC recipients eligible for participation in a WtW program.

- **Collaborative Employment Effort**

DSW is working in partnership with DET and a consortium of Chittenden County businesses to place ANFC recipients in better jobs. The businesses involved include Resolutions, Bell Atlantic, Lane Press, and Gardeners Supply. These companies are opening their doors to welfare recipients

and offering plant tours and employment incentives. Reach Up and DET are supporting this effort by helping participants with transportation and child care assistance. This public-private partnership will be expanded in 2000 to other parts of the state.

- **Getting Ready to Work Program**

The Getting Ready to Work program (GRTW) is a partnership between DSW and the Department of Education to provide educational and training activities to welfare recipients. GRTW finished its second year of providing basic education and soft and hard skills development to 341 Reach Up participants through local partnerships. Many GRTW participants complete 200-300 hours of instruction during their enrollment.

GRTW offers intensive basic educational services to ANFC parents that do not have a high school degree and a package of educational and job readiness activities to enable the individual to make a successful transition to work.

GRTW programs operate in eleven of the twelve Workforce Investment Board (WIB) regions. They are planned by the region's Adult Education Council (AEC) to fit local needs and are operated by a host agency that takes a leadership role in delivery of the services.

- **Teen Parent Education Initiative**

In 1999, DSW continued to provide funding for Teen Parent Education Programs (TPEP) to each of its Parent-Child Center partners. This program focuses on assisting minor and teen ANFC parents who have not completed their secondary education. TPEP places lead responsibility with the Parent-Child Centers to coordinate education providers, and the Adult Education Council and the Community Partnerships, on the local level, to develop and implement a plan for enhanced educational opportunities that will result in achievement of a high school diploma or its equivalent. DSW funds the resulting planned educational activities. In addition to this funding, DSW's teen parent education incentive program provides cash rewards to the teen for achieving milestones in the education plan.

- **Families in Recovery**

DSW funded the Brattleboro Retreat's Families in Recovery program (FIR) to help ANFC mothers with very serious substance abuse problems. FIR participants have long and substantial histories of social, emotional, interpersonal and economic dysfunction. All FIR participants have failed at least one prior treatment regimen. Most have poor work histories and have been on ANFC for at least 30 months.

FIR is a residential program for the parent and children who can be supported for up to six months followed by a year of outpatient support. All FIR participants are enrolled in the Reach Up program. FIR provides comprehensive and intensive counseling and group therapy. An important component of the treatment is work readiness and work experience activities. This program helps each participant overcome the many life experiences that have hindered her successful attainment of self-sufficiency.

- **Vocational Rehabilitation Services**

In 1999, DSW began discussions with the Department of Aging and Disabilities (DAD) Division of Vocational Rehabilitation (VR) to expand the partnership between the two departments to help ANFC recipients who have physical or mental health issues. After an agreement is signed, VR will implement a pilot project in four districts to provide services to approximately 100 ANFC recipients who have significant barriers to employment. Specialized services will include: comprehensive assessment, testing, case management and supported work.

- **Child Care**

DSW and SRS continue to work together to ensure that a seamless child care system is available to support working families. During 1999, changes in the child care system included the end of DSW's making payments to parents for employment or training related child care. SRS now sends direct payment to child care providers caring for ANFC children. The legislature appropriated additional funds to support higher income eligibility levels, increased reimbursement to providers, and larger subsidies to families. These changes are critical to ensure available, quality child care for Vermont children.

- **Good News Garage Program**

DSW entered into an agreement with the nationally acclaimed, Burlington-based, Good News Garage (GNG). The GNG accepts donated cars from people all over New England. The cars are repaired and sold to low-income Vermonters for the cost of the repairs.

As a result of the new agreement, the GNG will be able to expand the level of car repairs and provide more cars statewide to Reach Up participants going to work.

GNG has started a satellite repair facility in the Northeast Kingdom to provide local services.

In 2000, the GNG will receive a Reverse Commute grant to provide leased cars to welfare recipients for use in commuting with others to jobs.

- **Transportation Loan Fund**

This project provides ANFC parents access to loans for car purchase or repair necessary to obtain or retain employment. The regional Community Action Agencies provide loan origination services and refer applicants to the Vermont Development Credit Union (VDCU), an organization established specifically to serve low-income Vermonters. VDCU houses the loan fund and processes the loans. ANFC families that are denied a loan work with VDCU to become credit worthy.

- **Partnership with Community Action Agencies**

DSW continued its involvement with the Community Action Programs (CAPs), especially the Central Vermont Community Action Council (CVCAC), to support self-employment training programs for welfare recipients. DSW also continues to work in partnership with CVCAC on the Tangible Assets Project, a pilot Individual Development Account (IDA) program to assist low-income families achieve self-sufficiency by building cash savings and assets. DSW's contribution of TANF funds resulted in ANFC parents' savings being matched two-for-one. DSW and CVCAC

are in the process of negotiating a renewal of their cooperative agreement, and the plan is to extend this excellent opportunity to even more participants during 2000.

- **Job Clubs**

DSW continues to offer Job Clubs for ANFC parents and others to prepare them for successful job market entry and to support them during job search. Job Clubs are offered by each DSW district office and most often involve a collaborative effort with DET. Job Clubs also help participants prepare resumes, practice interviewing and use job search resources to find job openings. Participants appreciate the opportunities these activities provide and the added advantage of interacting with others in the same situation.

- **Reach Up for SRS Minor Parents**

The SRS/DSW state level agreement to serve pregnant and parenting teens in SRS custody was implemented at the district level in early spring. The agreement provides these teen parents with significant additional attention and resources as well as guidance to improve their own and their child's lives. The state's parent- child centers (PCC) provide case management services through their current Reach Up case managers. Local agreements between the PCCs and SRS district offices are in place to determine referral and communication processes.

As of October 31, 1999, seven SRS minor parents, six from Chittenden County and one from Washington County, had received services from their local PCC under this new initiative.

Rural Welfare-to-Work Strategies Project Grant

In October of 1998, Vermont was one of ten rural states selected by the Department of Health and Human Services' Administration for Children and Families to participate in an 18-month initiative to stimulate research nationally on emerging approaches to welfare reform policy and service delivery models in rural areas. This \$50,000 grant is being used to assist Vermont's promising new Welfare-to-Work projects during start-up and early implementation and facilitate interagency coordination among the various organizations participating in a wide range of welfare-to-work efforts throughout the state.

Project activities have included: participating in the national planning processes; sponsoring a statewide "Transportation Symposium" focusing on creative solutions to transportation issues faced by many low-income Vermonters; assisting with the development and implementation of new and expanded public transportation services through the federal Job Access grant; and, providing technical assistance and support to organizations for the improvement and development of services and programs designed to assist families as they transition toward self-sufficiency.

Human Resources Investment Council (HRIC), Workforce Investment Boards (WIBs) and Adult Education Councils (AECs), Community Partnerships, State Team for Children and Families

DSW continues to attend HRIC meetings, monitoring discussions and providing staff support to HRIC on WRP issues. During 1999, DSW continued to update the Council on federal welfare reform's impact on Vermont's WRP, enlist support, and point out the increased importance of assisting ANFC families in moving from welfare to employment. Welfare reform remains one of the focal areas for the HRIC, the regional Workforce Investment Boards (WIBs), and the Adult Education Councils (AECs) developed by the Department of Education and closely associated with the WIBs. Welfare reform is also an element in the statewide School-To-Work initiative that is overseen by the HRIC. The HRIC report, including its annual updates, also serves as the annual plan called for in Section 7(b) of Act 106.

- A new role for HRIC:

In 1999, HRIC oversaw the development of the nation's first unified multi-agency plan under the Workforce Investment Act (WIA). This federal law alters the landscape of work and training programs dramatically, consolidating many pre-existing programs and calling for a much stronger work-first approach than was evident in previous programs such as the Jobs and Training Partnership Act (JTPA). The Governor authorized HRIC as the state's oversight board for the WIA. This legislation empowers HRIC to coordinate the development of an integrated network of services for up to fifteen federally funded workforce education programs, in addition to its mandate to coordinate state and locally funded workforce programs. In order to carry out this new responsibility, the Council restructured its membership to include a business majority and a business Chair. These actions represent a major step forward in the state's capacity to define and implement long-range workforce development policies.

- Determining Future Workforce Needs:

HRIC continues to support the 12 regional workforce investment boards (WIBs). WIBs have become increasingly effective at identifying regional labor shortages and linking workforce development and economic development strategies. WIBs have designed and implemented a number of specific training initiatives in response to business requests and are gathering labor market information through employer surveys, focus groups, and interviews.

HRIC continues to provide WIBs with assistance to develop long-range regional workforce development plans. In the fall of 1998, the Connecticut River Valley WIB published a prototype plan. This plan identifies strategic business sectors, determines the extent to which workforce education and training is important to the future growth of these sectors, and makes recommendations for changes in education and training services to respond to the opportunities identified.

Regional workforce planning is a key goal of HRIC. These activities define clear linkages between public and private education and training resources and regional economic development priorities. Specific initiatives based on collaboration between employers, schools, colleges, and one-stop career centers are emerging as a result of these planning initiatives. These local partnerships are critical to the success of the state's workforce development efforts.

- Restructuring Technical Education:

In 1998, the legislature enacted a set of funding and governance initiatives

recommended by a steering committee established by the HRIC and State Board of Education. The legislation resulted from a comprehensive public design process. Changes implemented in 1999 include a new funding structure and more flexible options for regional governance. The legislation increases access, raises standards, and increases accountability for results.

The legislature also provided multi-year competitive funding for three pilot regions that developed proposals for consolidation of regional governance structures and innovative programming linked to regional economic development strategies. The Department of Education provided three additional regions with resources to pursue the same objectives. The implementation phase of these projects began in 1999, and the results of these efforts will be studied as prototypes for other regions and future legislation.

Workforce Education and Training Fund (WETF): In the closing hours of the 1999 legislative session, the General Assembly established this \$1.5 million fund to be administered by DET in collaboration with HRIC. This fund is significant to welfare reform in that it targets the unemployed, underemployed, and those at risk of losing their jobs due to lack of skills training. The WIBs and a state level committee reviewed the first round of 24 proposals. The committee recommended four proposals for total funding of \$400,000. A second round is now underway.

DSW district directors have been active participants in their districts' WIBs, bringing the issues of welfare reform to each WIB's agenda within the context of regional workforce education and training system development. DSW staff provided the Northeast Kingdom (NEK) WIB with a high level of assistance in the successful pursuit of a federal Department of Labor Welfare-to-Work discretionary grant. As a result of this grant, the North Country Call Center will begin operation in January 2000 and is expected to employ low-income Vermonters, including ANFC recipients. The NEK WIB also sponsored a work ethics forum for employers. The WIBs in Franklin and Chittenden counties initiated training programs in which ANFC parents have been participants. The WIBs also played an active role in supporting and reviewing regional proposals for Getting Ready to Work projects.

DSW district Reach Up staff are also active members of the Adult Education Councils (AEC) that are associated with each WIB. AECs are charged with assessing the adult education resources in the WIB region and developing a plan to address the gaps in those resources and to coordinate, systematize, and eventually fund them better.

Another state and local collaboration project encompassing welfare reform efforts is the State Team for Children and Families and its regional Community Partnerships. These groups focus on the 10 Key Outcomes defined by the Agency of Human Services. The goals related to welfare reform are: to assist families in obtaining the opportunities and skills necessary to self-sufficiency; to encourage economic independence by removing barriers and disincentives to work; to support parental nurturing; to support parental responsibility, both custodial and non-custodial; to encourage and assist individuals and families to contribute materially to their own self-sufficiency; and to recognize that families have differing personal characteristics and experiences by providing services that address their individual needs. DSW staff are active participants in the State Team

and the Community Partnerships. Through that participation they ensure that welfare reform issues are a key element of the work of these groups. DSW also required that the Community Partnerships review proposals for its Teen Parent Education Program, thus promoting coordination and collaboration at the local level.

SECTION 2: A DESCRIPTION OF THE DEVELOPMENT, IMPLEMENTATION AND SUBSEQUENT EVALUATION OF AGENCY STAFF TRAINING

During 1999, DSW developed and carried out the following training sessions that are directly related to Vermont's Welfare Restructuring Project. To ensure statewide accessibility, these trainings were held in centralized locations or specific regions. Training is a key component to the success of WRP. It enhances staff's understanding of WRP policies and procedures and the vision and culture of welfare reform and its focus on work and self-sufficiency. In turn, families who receive benefits from the department receive clear messages and information and an understanding of the department's and their role in welfare reform. This leads to DSW serving Vermonters better and parents and individuals getting the tools they need to make a better life for themselves and their families.

1999 DATES	TRAINING
February, July, November	Reach Up Basic Training: policies, procedures, practices. Three 4-day sessions.
February, July, November	Reach Up Orientation: orientation to state government, the ANFC eligibility process, and WRP. Three 1-day sessions.
March, August	Community Service Employment/End-of-Time Limits (CSE/ETL) Training: how to work with parents at the end of WRP time limits. Two 2-day sessions.
January, February, March, May	Case Management Training: how to provide case management services to ANFC- recipient families. Four 6-day sessions.
June	Case Management for Supervisors: skill development for those who are supervising case management staff. Two 2-day sessions.
February, October	Basic Interviewing Training: how to listen to and communicate with clients. Two 3-day sessions.
July	Advanced Interviewing Training: facilitating in-depth interviews with clients. One 3-day session.
May - October	Professional Development Series: values, ethics, conflict resolution, welfare history, community involvement, and advocacy. Two sets of 6 workshops.
April	Training of Trainers: skills development for supervisors and other department trainers. Two 3-day sessions.
March, April, May, June,	Foundation II: introduction to DSW, AHS, community action

July, August, September, October, November, December	organizations, philosophy of DSW, basics of determining ANFC eligibility. Ten 3-day sessions.
May, October	Integration Training: to help eligibility staff that have completed DSW program trainings have a cohesive understanding of how the pieces fit together. Two 1-day sessions.
January - September	Domestic Violence Training: a) sensitivity and knowledge about the dynamics of domestic violence and its impact on children and families - collaboratively designed by DSW staff and the Vermont Network Against Domestic Violence and Sexual Assault. Ten 2-day sessions for staff began in 1998 and completed in February 1999. b) train-the-trainer sessions for supervisors on domestic violence policy and procedures. Two 1-day sessions. c) expanded and specialized training for the department's volunteer domestic violence specialists. Two 1-day sessions.

Evaluation of Training

This was the first full year of implementation of the Regional Training Team. This team was conceived and developed as a means to deliver quality program trainings in a more timely manner than the previous centralized system was able to provide. This has resulted in increased time for DSW's state office Human Resource Development unit (HRD) to develop new/specialized/centralized trainings such as those listed above. HRD also acts in a leadership role in ongoing skill development for the Regional Training Team members and in oversight of the quality of department-sponsored trainings.

Evaluation of all training activities in the department is based on both verbal feedback and written self-report from participants. HRD staff reviews written evaluations and follow up by contacting trainers or trainees when there are questions or concerns. Overall, participants rated the training programs very highly.

Looking to the Future

In addition to the continuation of WRP trainings listed in the preceding chart, a number of new trainings will be offered during the coming year. They include:

- **Relationship Skills:**

This training will offer knowledge and skills for staff to enhance effective implementation of WRP. The training will provide concrete communication techniques and skills and will encourage staff to commit to collaborative working relationships. Eight four-day sessions will be offered throughout 2000.

- **Advanced Case Management Training:**

This training is an advanced course for case managers and supervisors. The design focuses on developing staff skills to work with challenging clients and includes individual modules on negotiation, assessment, mandatory Reach Up participation, family systems theory, substance abuse, domestic violence, mediation, and mental health issues.

- **DSW Conference 2000**

In addition to numerous workshops and recognition activities, the 2000 conference will highlight a major training event attended by DSW employees, contractors, and other community participants. This half-day training was created to support the goals of welfare reform through heightened awareness of client strengths and individual staff behaviors that foster or inhibit self-sufficiency. The training is highly interactive and includes both simulation and discussion activities.

This training has been very successful in many other states. The creator of the training, Nora Gerber, from the Center for Human Services Training and Development at the University of California at Davis, will facilitate each training session with help from the DSW training team.

SECTION 3:

A DESCRIPTION OF DEVELOPMENT, IMPLEMENTATION, AND SUBSEQUENT EVALUATION OF CASE MANAGEMENT SYSTEM AND INDIVIDUALIZED FAMILY DEVELOPMENT PLAN COMPONENTS OF RESTRUCTURING

Individualized case management is the heart of the Reach Up program. Each participant works closely with his or her case manager to assess strengths and barriers, define an employment-directed Family Development Plan (FDP), and continue a dynamic and supportive relationship resulting in a pathway to self-sufficiency. The FDP defines the steps and tasks necessary to achieve the employment goal and addresses the barriers that need to be overcome, both by the participant and other family members, toward that end. The FDP also specifies the support services needed within the context of the FDP's goal, steps, and tasks.

In order to address the broad spectrum of social, educational, and training needs of a very diverse Reach Up caseload, DSW continues to negotiate contracts for some case management services. The department is committed to integrate Reach Up case management, to the extent possible, in the environment where the participant can access the most appropriate constellation of services based on his or her FDP. Thus, Reach Up participants matriculating in college are served, where there are a sufficient number, by case managers employed at the college. The college integrates these students into the other counseling and support services provided to its students. Minor parent, teen, and early twenties Reach Up parents are case managed by employees of Vermont's unique Parent-Child Centers (PCC). PCCs offer an array of services and programs aimed specifically at young parents. Chief earners in two-parent families, who are focused more narrowly on going to work, are served by DET, the state's employment service.

A continuing challenge for Reach Up case managers is serving mandatory end-of-time limit (ETL) participants. Many of these parents are already in Reach Up and have an effective and productive

long-term working relationship with their case manager. However, as the caseload decreases, more parents remain who by their own choice have not volunteered for Reach Up prior to ETL. Reach Up staff report that many of these parents have significant barriers to employment and lack confidence in their ability to meet the work requirement. Waiting until ETL to participate in Reach Up limits Reach Up activity options and the time available for parents and Reach Up case managers to assess and prepare for the work requirement. The shortened timeframe, coupled with the obligation to meet the work requirement while addressing barriers to employment, make working with this group a very challenging endeavor. All agree that most parents need more than two months' participation in Reach Up to take advantage of education and training opportunities and become better prepared to transition from welfare to work at or before ETL.

The following table shows the case management service providers and participant capacity of each as of November 30, 1999. While the number of Vermonters receiving ANFC has decreased more than 39 percent since June 1994, Reach UP's case management capacity has remained relatively stable during the same time period. Additional details follow the chart.

CASE MANAGEMENT SERVICE PROVIDERS - November 30, 1999	PARTICIPANT CAPACITY
DEPARTMENT OF SOCIAL WELFARE	
Reach Up Social Workers	1,605
Family Services Case Managers	575
TOTAL	2,180
DEPARTMENT OF EMPLOYMENT & TRAINING	
Reach Up Case Managers	700
TOTAL	700
PARENT-CHILD CENTERS	
Addison County PCC	45
Brattleboro Early Education Service	45
Champlain Islands PCC	30
Family Center of Washington County	45
Franklin County Family Center	45
Lamoille Family Center	45
Lund Family Center	75
Milton Family Community PCC	45
NEKCA, Newport	30
NEKCA, St. Johnsbury	30
Rutland County PCC	75
Springfield Area PCC	45
Sunrise Family Resource Center	60
The Family Place	45
Orange County PCC	30
TOTAL	690
POST-SECONDARY EDUCATION	
Champlain College	100

Community College of Vermont	240
Lyndon State College	50
TOTAL	390
OTHERS PROVIDERS:	
Champlain Vocational Service	50
VT Refugee Resettlement Program	25
TOTAL	75
GRAND TOTAL	4,035

DET's contracted Reach Up case management slots decreased from 1,000 to 700 in response to the continuing decline in the ANFC unemployed parent (UP) population for whom DET provides Reach Up case management. The number of case management slots exceeds the number of UP cases (560 in November 1999) because in many instances both the UP and the spouse are active Reach Up participants. Also, when one of the parents in a UP case leaves and the case becomes a single-parent case, casework continuity is preserved by having the DET case manager retain the case management responsibility for the single parent.

The Parent-Child Centers' (PCC) caseload capacity remained constant. The caseload at Trinity College was transferred to the Community College of Vermont in Burlington for no net change in case management capacity for post-secondary education participants.

The case management capacity through the Vermont Refugee Resettlement Program was reduced by 25 slots as a result of reduced need.

The Work Experience, Education, and Employment for Vermonters Program (WEEEV) has continued its success over the past year. Programs include Office Occupations and Maintenance/Commercial Drivers License. The Clean Team is another program under the WEEEV umbrella. Established in December 1998 in the Waterbury State Office complex, this program offers a 16-28 week custodial services training program. Nine of the 15 December 1999 graduates receive benefits through DSW and as a result of completion of this program, now have a great opportunity to use their new training and skills to improve their family's income.

At this time, there has been no formal evaluation of case management services. Manpower Demonstration Research Corporation (MDRC) will perform an extensive evaluation and issue its report in 2002. In the interim, MDRC's report published in October 1998 provides an evaluation of DSW's implementation of WRP based on field research and surveys of eligibility staff and Reach Up staff. See Section 10 of the Third Annual Report (January 15, 1997) and Section 6 of the Fourth Annual Report (January 15, 1998) for additional information about these surveys. This snapshot of staff and case management practices during the initial phase of WRP implementation illustrates Reach Up's overall shift to an employment focus, in combination with the traditional social work approach of the past. MDRC reports that parents in the three WRP groups did not have dramatically different experiences in their contact with staff.

In addition, Section 6 of this report includes information about DSW's ongoing Reach Up participant survey as a mechanism to review service delivery by Reach Up case managers.

SECTION 4:
PROGRESS IN ESTABLISHING JOB TRAINING AND EMPLOYMENT PROGRAMS
FOR NONCUSTODIAL PARENTS (NCPs)

One of the changes in federal law resulting from federal welfare reform, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, requires all states to have work search programs for noncustodial parents (NCPs) who are not meeting their support obligations.

As noted in the Introduction section, the Vermont legislature made sweeping changes to Vermont's child support laws to include this and other changes. Act 63 provides that a parent who is delinquent in paying child support may be required to seek work and/or participate in various training and personal development activities leading to stable employment. In 1995, the Office of Child Support (OCS), the Department of Employment and Training (DET), and the Washington Family Court established a pilot project called 'Seek Work' requiring unemployed parents delinquent in their child support obligations to participate in work and training programs that lead to employment and the ability to fulfill their child support obligations. The success of the pilot project has led the family courts, DET, and OCS to expand the program throughout the state.

As of September 1998, 329 nonpaying NCPs have participated in this effort. Of those, 281 have made at least one payment after referral to DET.

As part of federal requirements for PRWORA, the computer system is being modified to provide the staff in each office with automated support to coordinate their handling of these shared cases. OCS and DET established a computer link that allows OCS to monitor the NCPs' participation. In cases where the NCP fails either to make payments or participate in the recommended activities, the NCP must explain the reason to the Family Court. The addition of automated system support to the collaboration effort of OCS and DET in 'seek work' cases offers several benefits. Management of the cases through the computer system will allow for more accurate measurements of the effectiveness of the program. These system enhancements will also help to foster and maintain a consistent statewide program and extend the foundation for such cooperative interactions even further by providing a shared computer system environment.

Noncustodial parents are also one of the target groups for the federal Welfare-to-Work grants discussed in Sections 1 and 9. The enhanced communication link between DET and OCS will benefit this program as well. As more noncustodial parents participate in this program, increased support collection from this group is a likely result leading to greater economic security for parents and their children and a move away from welfare dependence.

SECTION 5:
PROGRESS IN DEVELOPING A VARIETY OF SUPERVISED LIVING ALTERNATIVES
DESIGNED TO MEET THE INDIVIDUALIZED NEEDS OF PREGNANT MINORS AND
MINOR PARENTS

The average number of minor parents receiving TANF dropped about 8 percent between 1998 and 1999. Fifteen of Vermont's Parent-Child Centers (PCC) continued to provide case management services to these young parents through the Reach Up program. The trend in numbers of minor parents receiving benefits shows a significant decline, i.e., from 116 in 1995 to 90 in 1999.

Year	Number of Minor Parents	Living with Parent	Living with Child's Other Parent*	Living with Relative	Living with Approved Adult Supervisor/ Supervised Residence	Other Approved Living Arrangements	Sanction for Non-Cooperation
1999	90	68.0%	7.0%	4.0%	16.0%	4.0%	<1.0%
1998	98	61.2%	17.3%	3.0%	10.2%	7.1%	1.0%
1997	112	64.2%	18.0%	3.5%	2.6%	10.7%	0.08%
1996	112	46.4%	35.7%	5.3%	2.6%	4.4%	0.08%
1995	116	54.0%	26.0%	0.0%	22.0%	4.0%	4.3%

* married, or if unmarried, both parents are 16 years old or older

Developing Supervised Living Alternatives

Progress was made in 1999 in developing supervised living arrangements for teen parents. The agreement between SRS and DSW permitting teen parents in Reach Up to access SRS foster care was finalized in early fall. As of this writing, no Reach Up teen parent has resided in a foster home but a couple of young teen moms are currently considering this option.

Agreement was reached between the Cathedral Square Association and the neighborhood that opposed a mixed residence-housing complex in Burlington. This complex includes plans by the Lund Family Center to provide supervised apartments for teen parents. Construction on the project will begin soon.

Finally, a "teen mom's house" is opening in Rutland on January 18, 2000. This residence will provide supervised living for six teen parents and their children. In addition, the building will house the Teen Parent Education Program, an education alternative to high school for teen parents receiving TANF benefits.

SECTION 6: EVALUATION OF THE PROGRAM BY PARTICIPATING FAMILIES

The Manpower Demonstration Research Corporation (MDRC) is primarily responsible for the evaluation of the Welfare Restructuring Project. Their first major report was published in October 1998 and included findings about WRP implementation based on their brief telephone survey and some focus group discussions with clients. The large-scale client survey discussed below will provide much more information on how clients view WRP. Preliminary findings from this survey

will be available in January 2000. A survey of Community Service Employment (CSE) participants and supervisors is also being developed. See details below and also see Section 10 for additional information about MDRC reports.

HHS Evaluation Grant Funding Received

In March 1999, DSW reapplied for continuing grant funding through the Department of Health and Human Services' (HHS) "State Welfare Reform Evaluation" program to support the evaluation of WRP. HHS awarded DSW a third year grant of \$258,559, with potential total funding over a five-year period of \$1.8 million. These funds provide substantial support for MDRC's work on the WRP evaluation. In addition, the grant enabled the department to increase the number of individuals participating in the follow-up client survey from 1,000 to 2,000, and to obtain an interim summary of the survey from MDRC in January 2000.

Client Survey

MDRC administered a 45-minute follow-up survey of clients to measure the impact of various WRP policies. Macro International, a national survey firm in Burlington, conducted this survey as a subcontractor to MDRC. Families were asked a variety of questions in each of the following areas:

- Understanding of WRP/ANFC program
- Educational attainment
- Employment-related activities
- Employment
- Household composition
- Sources of income
- School progress and other child outcomes
- Child care
- Burdens of child care and transportation to work
- Transportation, housing, and clothing expenditures
- Medical insurance
- Hunger issues

The sample of surveyed individuals is drawn from single- and two-parent families that were randomly assigned to a WRP group between October 1994 and June 1995. The survey was administered between April 1998 and April 1999 and occurred 42 months after random assignment for each family in the sample. Given the prominence of time limits in federal welfare reform legislation and other states' welfare reform initiatives, it is critical to learn as much as possible about what happens after ANFC parents reach the time limit.

The survey effort resulted in 2,005 interviews with single-parents and unemployed-parents in two-parent families. Most surveys were completed via a telephone interview; in-person interviews were

conducted if individuals in the survey sample could not be reached by phone. As noted above, MDRC will provide an interim summary report of this survey in January 2000.

Community Service Employment (CSE) Surveys

Beginning in February 2000, MDRC, through Macro International, will conduct a 30-minute survey of individuals that were assigned to a Community Service Employment (CSE) placement during 1999. Macro International will also survey CSE supervisors.

The participant survey will focus on the CSE placement process, experiences at the CSE worksite, reasons why the placement ended, and other topics. The supervisor survey will focus on the participant's performance relative to other workers and the worksite's experience with the CSE program.

As part of an upcoming round of field research, MDRC will review casefiles and possibly interview Reach Up workers to obtain additional information on each CSE placement and the reason why it ended (if relevant). MDRC also plans to conduct general interviews with Reach Up and DET staff about the CSE process.

A report will include the results of the survey, casefile reviews, and staff interviews. As part of the analysis, MDRC will examine what kinds of clients end up in CSE, look at the placement/matching process, assess the success of CSE placements (e.g., based on the length, the reason why it ended, and the participant's and supervisor's rating of the experience), and offer some conclusions and recommendations for improving the process.

Reach Up Participant Surveys

Reach Up continued to use participant surveys as part of its ongoing review of service delivery by Reach Up case managers. Survey forms are sent to Reach Up participants prior to regular site visits by the Reach Up Program Monitor. Individual information from the completed forms is kept confidential, but a summary of the participants' perceptions of the quality of the Reach Up services they were provided is included in each site's monitoring report.

Participants are questioned about the type of services they received, what they perceived as their unmet needs and especially how they were assisted with end of time limits if applicable. In response, participants offered comments on a wide range of issues addressing the program in general, the particular Reach Up services available to them, their relationship with their case manager, and their understanding of and the appropriateness of their Family Development Plan. Participants often praise their case managers for helping them to change and succeed with their plans.

Initial concerns that participants would be reluctant to offer constructive criticism continue to prove groundless; they offer both praise and concerns with frankness and specificity.

The surveys offer the department a unique opportunity to hear directly from the people it serves and to respond to participants' feedback. Staff's sensitivity to the needs of ANFC parents increases, customer service improves, and Reach Up participants reach the goals of their FDP and improve the lives of their children more quickly and effectively.

**SECTION 7:
DESCRIPTION OF THE CAPACITY OF THE HUMAN SERVICES DELIVERY
SYSTEM, BOTH WITHIN AND WITHOUT STATE GOVERNMENT, TO SUSTAIN
WELFARE RESTRUCTURING, INCLUDING THE SUPPORT SERVICES REQUIRED
BY THIS ACT**

The capacity of the human services delivery system, both governmental and non-governmental, continues to be sufficient to support welfare restructuring. The strong economy coupled with the changes made in Vermont's welfare system thus far have resulted in further decreases in the ANFC caseload, as more recipients enter the workforce and become self-sufficient. There is still room for improvement, however, and DSW has continued to work toward a more effective and richer service delivery system for families.

The MDRC interim report confirmed a fact that DSW was already aware of and concerned about: well under half of ANFC parents were volunteering for and participating in Reach Up prior to reaching their time limits, in spite of vigilant and creative recruitment efforts by district office staff. Many of the parents were reaching their time limit, at which point they were required to participate in job search, without having the advantage of case management, support services, and education and training activities to prepare them for entering the work force. DSW will be recommending a change to current legislation to combine ANFC and Reach Up into one program, so that Reach Up services can be provided to parents and other adult caretakers as soon as they begin receiving cash assistance. DSW believes that earlier intervention will allow participants to complete activities in the Family Development Plans and be ready to seek employment earlier.

To position the department to implement the combined ANFC/Reach Up program, DSW integrated its Reach Up and Family Services Divisions into one division, and will be restructuring its district office service delivery systems over the next two years. DSW believes that these changes will not only streamline benefits and services to families, but will also help the state meet the performance targets under federal welfare reform.

Although DSW believes that the current process for assessing the needs of parents entering the Reach Up program is thorough, it decided that it was time for a review, especially given the changes in WRP anticipated for July 1, 2001. DSW contracted with MAXIMUS to conduct an in depth review of assessment methods used in Maine, New Hampshire, and Wisconsin. A report from MAXIMUS is due in January 2000, and information in that report will be used to strengthen Vermont's assessment process.

Now that greater numbers of ANFC recipients are going to work, DSW, like other states, is finding that more effective follow-up services are needed to keep people working. DSW will be partnering

with DET over the next few months to contract with an outside individual or organization to research best practices in other states in this area, and recommend an approach to provide follow-up and job retention services. This approach will include opportunities for working former or current recipients to upgrade their job skills in order to continue moving up their chosen career ladder.

DSW has long recognized that child care and transportation are key to any welfare-to-work strategy, and progress has occurred in these areas as well. The implementation of the Legally-Exempt Child Care (LECC) system and the increase in funding for child care and critical steps toward ensuring that safe, quality child care is available for the children of working parents. DSW's active participation in the transportation initiatives described earlier in this report (specifically AOT's Reverse Commute grant, the Good News Garage, and CVCAC's Working Wheels program) has helped make transportation to and from work possible for more parents.

As the ANFC caseload continues to decline, DSW is finding that many of the families who remain have serious barriers to employment. DSW is working in close partnership with DET's and CVCAC's Welfare-to-Work programs (described earlier in this report), which are designed for hard-to-serve parents, to ensure that ANFC participants receive the support services they need while participating in WtW, and that case management services are coordinated, but not duplicated. DSW has begun discussions with Vocational Rehabilitation to implement a pilot project this year in four districts to provide assessment, case management, and supported work activities for ANFC parents with physical or mental health problems.

SECTION 8:
DOCUMENTATION OF PARTICIPANT OUTCOMES, INCLUDING SPECIFIC INFORMATION RELATING TO THE NUMBER OF PERSONS EMPLOYED, BY OCCUPATION, INDUSTRY AND WAGE; THE TYPES OF SUBSIDIZED AND UNSUBSIDIZED JOBS SECURED BY PARTICIPANTS; ANY AVAILABLE INFORMATION ABOUT THE IMPACT OF RESTRUCTURING ON CHILDREN, INCLUDING OBJECTIVE INDICATORS OF IMPROVED CONDITIONS; AND THE NUMBER OF PARTICIPATING FAMILIES INVOLVED IN TRAINING AND EDUCATION PROGRAMS, BY TYPE OF PROGRAM. DIFFERENTIATE PARTICIPANT OUTCOMES ACCORDING TO MEMBERSHIP IN THE CONTROL GROUP AND THE TWO RANDOMLY SELECTED DEMONSTRATION GROUPS.

Documentation of Participant Outcomes

The Manpower Demonstration Research Corporation (MDRC) is responsible for the evaluation of the Welfare Restructuring Project (WRP). MDRC's reports will cover program impacts on employment, income, family environment, and overall benefits and costs. Analysis of the impact of restructuring on children will be available in the final evaluation report. MDRC published its first major evaluation report in October 1998 and produced an update to this report in September 1999. The second major report will be available in mid-2002. A brief report on the results of the evaluation survey (see Section 6) will be available in January 2000.

Forty-Two Month Impacts of Vermont's Welfare Restructuring Project Released

As noted above, MDRC published its first major report on the impacts of WRP, titled *Implementation and Early Impacts of Vermont's Welfare Restructuring Project*, in October 1998. This report analyzed the implementation of WRP and time limits, and early impacts of the program on single-parent and unemployed-parent (ANFC-UP) families. MDRC produced an update to this report in September 1999.

The Forty-Two Month Impacts report included the following findings:

- Once single parents in the WRP group (Group 3 - parents with a work requirement) began to reach the 30-month work-trigger, employment rates increased substantially compared to the ANFC group (Group 1 - pre-WRP ANFC rules). At the 42-month mark, Group 3 had increased employment rates 9 percentage points above Group 1.
- Incentives alone generated no significant changes in employment or income. The impact of the work trigger is evident between the ninth and tenth quarters when single parent families first became subject to the work requirement. At that point, the impact on employment and earnings doubled.
- Group 3 families relied more on earnings and less on cash assistance, but WRP did not affect total income from public assistance and earnings (not counting earned income tax credit-EITC). The result was surprising given enhanced earning disregards. It would appear that more employment is being reported and budgeted by Group 3 recipients. It is likely that total income will increase in the WRP group when EITC is included as an income source. This information will be included in MDRC's next report.
- WRP produced a reduction in ANFC payments but not in the percentage of people who ever received ANFC. This is consistent with WRP's vision to make ANFC families less dependent on ANFC and more reliant on wages with ANFC available to supplement insufficient earnings.
- One-third of Group 3 members who were employed at some point were not working by the end of the follow-up period.
- Employment is predominately unsubsidized. Very few parents (approximately 50 statewide) are in subsidized Community Service Employment (CSE) jobs at any given time.
- WRP reduced the percentage of single parents who were receiving ANFC and were not employed by 10 percentage points. Only 18 percent of Group 3 single-parents in the research groups were receiving ANFC and not working in the final quarter.
- Grant amounts were reduced by 20 percent in the final quarter while WRP did not reduce the rate of welfare receipt.

- WRP produced similar impacts for parents entering the program with varying levels of job readiness. For recipients who did not work in at least a year and did not have a diploma or a GED, WRP had an 11 percentage point impact on employment in the final quarter of follow-up.
- Overall, WRP is achieving the major policy goals it was intended to accomplish but results suggest that employment and earnings would increase if the work requirement were earlier. High rates of job loss and the lack of impacts on income imply that new strategies are needed to help employed single-parents continue working and move up to better jobs. CSE utilization and its related workload demands for DSW staff are likely to increase as more recipients become subject to the work requirement.

The following table from MDRC's report illustrates the impact of WRP and WRP incentives for single-parent families. MDRC refers to Group 3 as the WRP Group, Group 2 as the WRP Incentives Only Group and Group 1 as the ANFC Group. The sample includes single parents randomly assigned from July 1994 through June 1995 in the six research districts. The WRP group parents, who have a time limit leading to a work requirement, have higher employment rates, greater Reach Up participation, higher earnings and lower ANFC payments.

**42 Month Impacts of WRP and WRP Incentives Only for Single-Parent Families
(Research Districts)**

Outcome	<u>Average Outcome Levels</u>			<u>WRP vs. ANFC</u>	<u>WRP Incentives</u>	<u>WRP vs. WRP</u>
	WRP Group	WRP Incentives Only Group	ANFC Group	Impacts of Financial Incentives and Eligibility Rules, Combined with Time Limit	<u>Only vs. ANFC</u>	<u>Incentives Only</u>
					Impacts of Financial Incentives and Eligibility Rules	Added Impacts of Time Limit
<u>Entire Follow-Up Period</u>						
Ever employed (%)	85.0	78.8	77.4	7.5 ***	1.4	-6.2 ***
Ever received ANFC (%)	92.8	92.1	92.2	0.6	-0.1	0.6
Ever received Food Stamps (%)	95.5	95.4	95.0	0.5	0.4	0.1
Quarterly earnings	1,162	1,061	1,071	91 **	-11	102 **
Quarterly ANFC payments	772	826	820	-47 ***	6	-54 ***
Quarterly Food Stamp payments	362	374	365	-2	9	-12
Quarterly combined income from earnings, ANFC, and Food Stamps (\$)	2,297	2,261	2,256	41	5	36

Trends in ANFC Caseloads, Benefits, and Earnings

Declining ANFC caseloads continue to provide grounds for optimism regarding the impacts of Vermont's Welfare Restructuring Project. As the following table shows, the total number of ANFC recipients has declined by 35.4 percent over the past six years. This rate of decline has been even higher for unemployed parent families, at 47.5 percent. These recent caseload declines are attributable to continuing low unemployment rates as well as the impacts of WRP.

	November 1993	November 1999	Percent Change
Total ANFC	26,402	17,050	-35.4%

Recipients			
Single Parent/Incapacitated Parent Recipients	22,005	14,740	-33.0%
Unemployed Parent Recipients	4,397	2,310	-47.5%
Percent of ANFC Families with Earnings	20.1%	24.4%	+21.4%
Average Monthly Earnings (for those with earnings)	\$373	\$488	+30.8%
Average Monthly Payment per Recipient (from warrants)	\$188.89	\$182.96	-3.1%

The data in the above table also indicate that the proportion of ANFC families with earnings has increased by 4.3 percentage points over the same period. Some of this is attributable to the fact that a larger number of applicants and existing recipients with earnings are eligible for ANFC under the WRP rules applicable to Groups 2 and 3.

There have also been modest declines in average benefits paid; they are primarily the result of increased earnings. The average benefit declined from \$189 in November 1993, eight months before WRP began, to \$183 in November 1999.

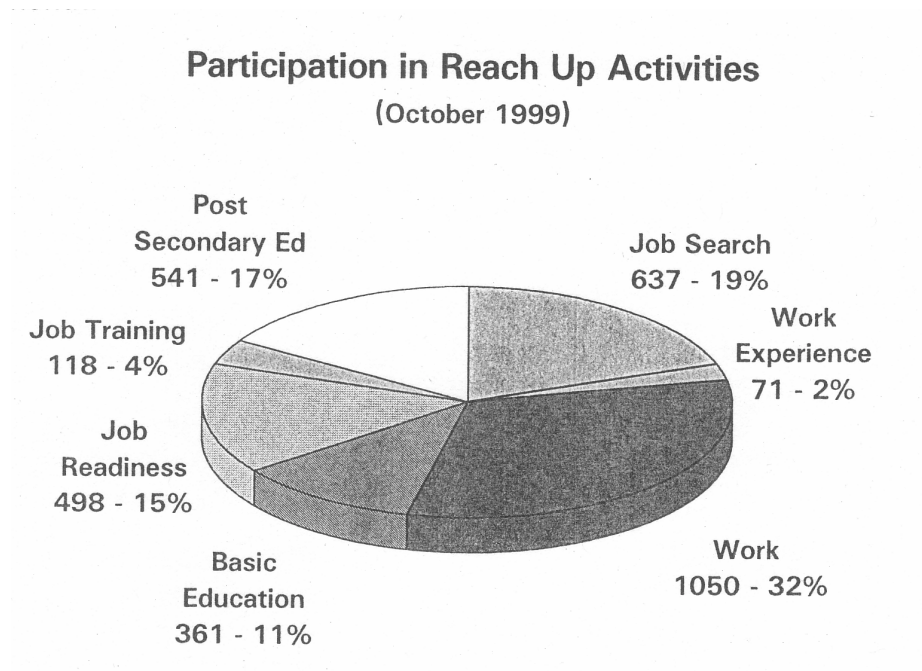
Random Assignment of Families

MDRC reports that random assignment of 20,450 ANFC families to WRP groups proceeded smoothly from July 1994 through June 30, 1997. Starting July 1, 1997, all new unassigned applicants are assigned to Group 3, in accordance with legislation enacted in 1997. The following table shows the random assignment groups of families receiving ANFC in November 1999, the latest month for which data are available.

Assignment Status of Families on ANFC in November, 1999	
Group 1 (Control Group)	949 - 15 percent
Group 2 (Enhancement without time limits)	991 - 16 percent
Group 3 (Enhancements with time limits)	4408 - 69 percent
TOTAL	6348 - 100 percent

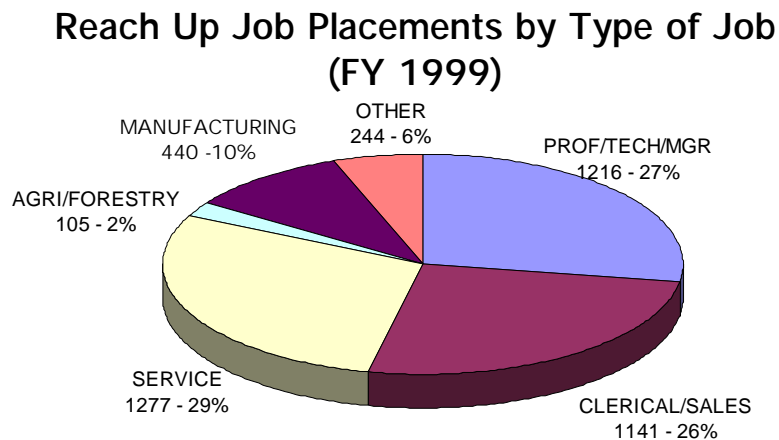
Training, Education and Pre-Employment Activities

The following chart illustrates Reach Up participants' involvement in education, training, pre-employment, and work activities by type of activity during the month of October 1999. Some 2748 Reach Up participants were involved in a total of 3276 of these activities; some participants were involved in more than one activity during the month.



Job Placements

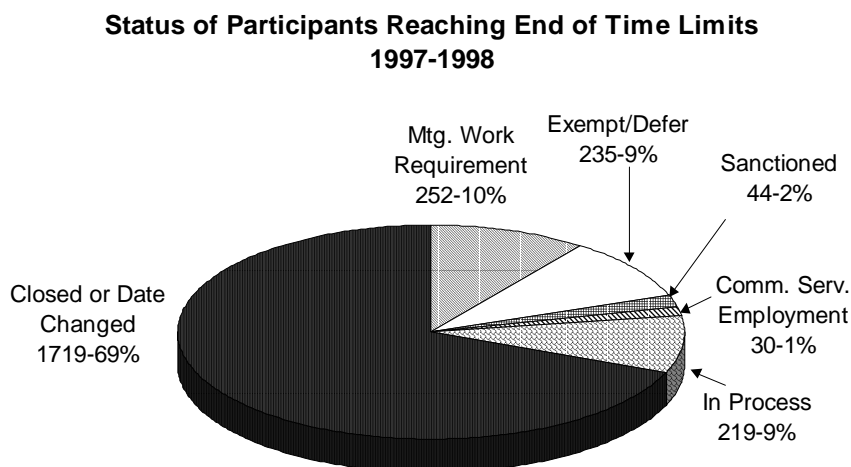
The following chart depicts available information regarding unsubsidized job placements of Reach Up participants during fiscal year 1999.



Status of Participants Who Reached End of Time Limits

The chart on the next page illustrates what happens to ANFC parents in Group 3 that reach their time limit. The chart presents the current status (as of October 1999) of all parents that reached their time limit during calendar years 1997 and 1998. Altogether, 2499 parents were in this group. Of these, most (69 percent) no longer received ANFC benefits or the time limit changed. This is a positive trend, illustrating the regular circulation of families on and off ANFC, and the tendency for many time limit cases to achieve self-sufficiency and leave ANFC.

Of those that reached ETL during this period and remained on ANFC in October 1999, only a few (2 percent) were sanctioned for noncompliance with work requirements. A small number (2 percent) were meeting the work requirement through Community Service Employment (CSE) (see end of this Section for more information about CSE). Approximately equal proportions were meeting the work requirement and remained on ANFC (10 percent), were exempt or deferred (9 percent), or were "in process" (9 percent). This "in process" group includes a variety of situations: those who returned to job search after losing employment or ending an exemption; parents who were in a conciliation process that could lead to sanction or return to job search; and those who were seeking a medical or other exemption for which documentation was being sought.



Note: This chart does not include parents who reached end-of-time limits prior to January 1, 1997 or after December 31, 1998.

ETL Sanctions

The chart above indicates the overall and sanction status of parents who reached ETL during the years 1997 and 1998. A different way of looking at sanction data is to look at those that reached ETL between November 1995 (the first month a parent would have reached ETL) and November 1999 and were subject to a work requirement in November 1999. 1119 ANFC families met this criteria, of which 119 cases, or 10.6 percent, were in sanction status in November 1999.

Community Service Employment (CSE)

Community Service Employment (CSE) is the Reach Up component that provides subsidized jobs to non-exempt Group 3 parents who are not able to find regular, unsubsidized employment by their ETL. When CSE is necessary, the goal continues to be placement in unsubsidized employment and limitation on the time spent in CSE.

In calendar year 1999, the department placed 180 participants in CSE. This represented 110 single parents, 51 unemployed parents, 13 spouses of incapacitated parents, and 6 spouses of unemployed parents. Presently, 24 Reach Up participants are working in a CSE placement.

CSE placements have been in a variety of settings including: local government, schools, state government, and non-profits such as community action agencies, food organizations, National Guard, Salvation Army, and hospitals and nursing homes. Job duties include clerical, maintenance, office work, human service aide, groundwork, and other service activities.

CSE provides an important link to the working world. Participants, such as the parent who worked for a housing agency in southern Vermont, gain self-confidence and a renewed sense of purpose. This individual, who performed maintenance work, received a uniform that he wore proudly and that transformed him into a man with a mission who hated to miss work (a minimum-wage position) for any reason.

It is important to recognize that during this time period the employment market has continued to be very strong in Vermont, and that, as a group, principal earners in two-parent families are relatively strongly attached to the labor market; that is, they have recent work histories and experience. This labor market has also been absorbing single parents as well or better than principal earners in two-parent families, another unanticipated but welcome situation.

SECTION 9:
PROGRESS IN IMPLEMENTING THE PROVISIONS OF THE ACT INCLUDING
ANALYSIS OF THE EFFECT OF WELFARE RESTRUCTURING ON STATE AND
FEDERAL REVENUES AND EXPENDITURES

As mentioned in the Introduction section of this report, federal welfare reform has altered the relationship of federal and state revenues and expenditures. Vermont is eligible to receive up to \$47,353,181 in TANF block grant funds annually through FFY 2002. TANF funds allocated to a given federal fiscal year but not expended in that year can be expended in a future federal fiscal year (but not later than FFY 2002) when caseload size or other circumstances generate the need for expending these funds. Federal welfare reform also obligates the state to maintain state-funded

expenditures at 80 percent of its FFY 94 expenditures - \$27,363,833 (or 75 percent if the state meets TANF work participation requirements).

These provisions have been beneficial to Vermont in the short-term. A higher caseload and related expenditures in FFY 94, the base year for Vermont's TANF block grant allocation, have made more federal TANF funding available since FFY97 than Vermont's general fund expenditures in these years would have generated under the federal financial participation funding scenario. This has enabled the department to implement welfare-reform-related activities and make investments in ANFC parents and the support services they need. In addition, Vermont has set aside TANF funding for that future time when economic conditions have a negative impact on the ANFC caseload. It is extremely unlikely, however, that the TANF funds Vermont has set aside, in combination with any special TANF contingency funds Vermont might receive, will be sufficient to respond to the increased demand for ANFC funding that an economic downturn normally generates.

TANF and Federal Welfare-To-Work Grant Coordination

An important issue in planning and implementing the federal Welfare-to-Work (WtW) grants, discussed in previous sections, is ongoing coordination that ensures the complementary use of TANF and WtW funds. DSW staff continue to work closely with DET, lead agency for the federal WtW formula grant. DSW provides the state matching share for the WtW formula grants, and DSW's Rural Welfare-to-Work Strategies Project (see Section 1) is working to ensure coordination.

Clear mechanisms for referral and intake into WtW services have been built on WRP protocols. Care is taken to ensure that ANFC parents are able to access TANF-funded services through Reach Up and WtW-grant-funded services in a sequential manner, so that duplication does not occur. Close attention is being paid to ensure that required reporting to federal agencies is accomplished as efficiently as possible. This coordination must be effective to enable the WtW grants to serve ANFC parents well and be manageable by both DET and DSW. The positive and strong working relationships between DET and DSW, between DSW and the Central Vermont Community Action Council, and DSW and Northern Community Investment Corporation (NCIC) and the Northeast Kingdom WIB, in which DSW's Newport Office Director plays a lead role, are key steps in reaching this goal.

Looking to the Future

It must be noted that federal welfare reform may have devastating effects on Vermont's capacity to maintain implementation of WRP if the state or country enters an economic downturn and sees increased caseloads, fewer working parents resulting in higher average ANFC grants, and an increased need for support services. It is critical to continue to reserve a portion of the TANF funds to prepare for this eventual turn of events and preserve the intentions of Act 106.

To this end, the General Assembly authorized the creation of a human services caseload reserve composed of carry-forward attributable to ANFC caseload reductions and the effective management of federal receipts. This reserve was \$18.7 million as of June 30, 1999.

**SECTION 10:
SUMMARY OF ALL INTERIM AND FINAL REPORTS SUBMITTED BY
INDEPENDENT EVALUATION CONTRACTORS TO AHS**

Manpower Demonstration Research Corporation (MDRC)

MDRC, the contractor responsible for carrying out the independent evaluation of Vermont's WRP, will submit two major reports:

- **Interim Process and Impact Report - October 1998.** Implementation and Early Impacts of Vermont's Welfare Restructuring Project. This report covers the implementation of WRP and the impact of the program on families assigned in the first year from July 1994 through June 1995. The impact analysis covers up to 33 months of follow-up activities for these families and provides an early look at how the program is affecting welfare receipt and employment patterns. This report also includes an analysis of the eligibility specialist staff and Reach Up case managers surveys that were conducted during 1996.
- **Final Process, Impact and Benefit-Cost Report - mid-2002.** This report will cover approximately 54 months of earnings and welfare payment follow-up for the entire evaluation group.

MDRC will also submit two additional reports:

- *Forty-Two Month Impacts of Vermont's Welfare Restructuring Project* - September 1999, which is an update to the October 1998 report on WRP's basic impacts on ANFC, food stamp, and earnings/employment. See Section 8 for a summary of this report.
- *Forty-Two Month Client Survey* report -January 2000, which will include preliminary results of the 42-month client survey discussed in Section 6 of this report.
- **Quarterly Status Reports** - In the interim, MDRC summarized its progress in the tasks identified in the WRP project management plan:

Overall Status of the Evaluation: The WRP evaluation continues on schedule. MDRC submitted a draft impact update to DSW for review, finalized it in September 1999, and presented the findings to the legislators and the Welfare Reform Advisory Group in September. At year's end, MDRC

was preparing for a site visit and a survey of Community Service Employment (CSE) participants and supervisors.

42-Month Client Survey: MDRC subcontracted with Macro International, Inc. to conduct a 45-minute follow-up survey of clients in all three WRP research groups. Survey work began in April 1998 and was completed in April 1999. Macro completed a total of 2,005 interviews and obtained the required response rate (80 percent). At year's end, MDRC was analyzing the survey data in preparation for the January 2000 report (see above).

Field Research: At year's end, MDRC was planning a visit to the six research sites. The visits, which will take place in January 2000, will focus on the use of Family Development Plans and the implementation of the end-of-time limits (ETL) process for single and two-parent cases. During the visit, MDRC will review about 90 specific cases and meet with Reach Up staff and agency managers.

Administrative Records Data Exchange: MDRC continued to compile administrative data from ANFC, CSE, Unemployment Insurance, Food Stamps, and child support files. These data were used to produce the September 1999 impact update (see above).

CSE Survey: MDRC prepared draft questionnaires for surveys of current and former CSE participants and their supervisors. DSW reviewed the questionnaires and submitted comments, which are being incorporated. Macro International, Inc. will conduct the survey beginning in February 2000. It will target all clients who worked in a CSE position in 1999 and their supervisors.

Cost-Benefit Study: Program cost data are being collected, drawing from child care data, fiscal records and other sources. In 2001, cost data will be combined with data from the impact analysis to create the benefit-cost analysis.

Revised Contract: MDRC and DSW negotiated a contract amendment to reflect the additional work that has been added to the project (e.g., the two additional reports (described above), and additional federal funding. The modification was awaiting signature at year's end.

- **The Cross-State Study of Time-Limited Welfare - Welfare Time Limits:** An Interim Report Card. April 1999. This is the third report in MDRC's cross-state study. It is not part of Vermont's evaluation contract. The report summarizes and synthesizes interim results from studies of welfare reform waiver programs in Arizona, Connecticut, Delaware, Florida, Indiana, Vermont and Wisconsin.

MAXIMUS

As noted in Section 7, DSW contracted with MAXIMUS to do some research regarding assessment methods in other states. MAXIMUS will submit a report of its findings in January 2000.

The department also contracted with MAXIMUS to provide program research and assessment services that were the bases of a series of recommendations to modify WRP upon its sunset on June 30, 2001. The specific research tasks included:

- analyzing ANFC/Reach UP and its relationship to PRWORA and TANF requirements;
- researching how other states define their programs to ensure that federal performance standards are met;
- conducting focus groups of DSW staff and other stakeholders and incorporating information gathered into reports; and
- defining areas of program policy in which opportunities for change exist and presenting options and risks associated with each for how Vermont might change its program in those areas.

MAXIMUS completed its research and submitted three reports to DSW: *Definition of the Problem* - June 1999; *Ranking and Weighting of Recommendations for Change* - August 1999; and *Description of Options* - September 1999. MAXIMUS staff also presented some of their findings to the Welfare Reform Advisory Group in June and to legislators at the Legislative Briefing in September.

Reports from Previous Years

- **Implementation and Early Impacts of Vermont's Welfare Restructuring Project.** October 1998. See details about this interim process and impact report in Section 8 of the Fifth Annual Report to the General Assembly on Vermont's Welfare Restructuring Project - January 15, 1999.
- **The Cross-State Study of Time-Limited Welfare - The View from the Field:** As Time Limits Approach, Welfare Recipients and Staff Talk About Their Attitudes and Expectations. October 1997. This is the second report in MDRC's Cross-State Study of Time-Limited Welfare. See Section 10 of the Fourth Annual Report (January 15, 1998) for a summary of this report.
- **The Cross-State Study of Time-Limited Welfare - Implementing Time-Limited Welfare:** Early Experiences in Three States. November 1995. This report looks at the experiences of Vermont, Florida, and Wisconsin, and while it is not part of Vermont's evaluation contract, it does provide some early information about Vermont's WRP.
- **Design and Workplan for Evaluating Vermont's Welfare Restructuring Project** - February 1995. This report includes an evaluation plan, including research questions, data requirements, and decision rules for random assignment.
- **Client Telephone Survey** - February 1995. See Section 6 of the Second Annual Report (January 16, 1996) for a summary of this report.

